Gerstin & Associates
Attorneys & Counselors at Law

The 7 Deadly Sins of Collecting Delinquent Assessments

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1. **Failing to follow the specific procedures in your community association's *Governing Documents*** such as written notice *from the association* of the delinquent debt. Often times such failures, when objected to by a delinquent owner, requires the entire collection process to be restarted. Sometimes, such failures lead to expensive lawsuits and a large payout to the delinquent owner.

2. **Agreeing to payment plans that are not in writing**. *A payment plan that is not in writing, is not worth the paper it is written on*. Secure all payment plans in writing.

3. **Extending grace periods and granting concessions to neighbors and friends but no one else**. It is understandable you want to help a neighbor or friend that is having problems with paying your association's assessments. However, each owner has to be treated in the same, uniform manner. Extending grace periods only to friends or neighbors exposes the entire community association to an expensive lawsuit from an aggrieved owner to whom a grace period was refused.

4. **Publishing a list of delinquent owners**. Shaming debtors is not only insensitive, it violates the Federal Fair Debt Collection Practices Act and exposes the association to an expensive lawsuit.

5. **Failing to follow the specific collection deadlines in your community association's *Governing Documents***. If the collection deadlines are too long or too short, have them amended. In the meantime, collections must proceed in accordance with the specific deadlines contained in your association's Governing Documents. Failure to do so can easily lead to an expensive lawsuit and a large payout to the delinquent owner.

6. **Failing to add interest and late fees onto delinquent assessments**. Many community associations are unaware of their ability to impose late fees or are unable to properly

calculate interest. Foregoing late fees and interest can significantly undermine a community association's financial stability.

7. **Failing to timely forward a delinquent account to your attorney for collection**. Depending on whether it is a condominium or homeowners' association, attorneys are required to wait between 60 and 90 days prior to the institution of foreclosure litigation. Banks are required to pay only 12 months of delinquent assessments. Sometimes, a bank will wait years before filing a foreclosure lawsuit. Association's that fail to act timely and foreclose upon a delinquent owner's home and rent the home until the bank takes title, can cost an association a year or more of assessment payments.

For help with avoiding the *7 Deadly Sins of Collecting Delinquent Assessments*, and for a free analysis of your association's community association collections, please complete and fax the following to: (561) 750-8185. A representative from Gerstin & Association will contact you to set up your community association's free collection analysis.

Name: ____________________________

Association name: _____________________

Position at the association (director, property manager, etc.) _____________________

Email address: ______________

Telephone number: ________________________

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